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DOCUMENT-IDENTIFIER: US 7124112 B1
TITLE: Providing evaluation and processing of line items

Brief Summary Text (8):
The most detailed area of claims processing is the handling of line items, which are itemized
incidents of loss. Because of the manual nature of claims processing, the claims handler spends
a great deal of time entering claim information into computer systems, tracking claims
processing of line item details, evaluating line item details, and fulfilling line item data.
Claims handlers are busy professionals who have to spend an inordinate amount of time on
clerical details. This creates a tremendous potential for errors in the claims processing
arena. These errors may result in overpayment or underpayment of claims that may harm the
insurance company or damage the relationship between the insured, claimant and insurance
company. Automating the claims processing field greatly reduces these errors and improve
efficiency.

Description Paragraph (16):
Reference will now be made in detail to an implementation consistent with the present invention
as illustrated in the accompanying drawings. Wherever possible, the same reference numbers will
be used throughout the drawings in the following description to refer to the same or like
parts.

Description Paragraph (24):
Insurance host server 130 includes conventional components, such a processor 235, memory 245,
I/O controller 250, and network interface 260. The processor 235, through a bus 240. Mass
storage 255 is interconnected to the system through I/O controller 250. The architecture
illustrated in insurance host server 130 is typical for a "PC" type computer, although any type
of computer capable of running an Internet web server is contemplated In systems consistent
with the invention. While a PC typically runs WINDOWS.RTM. software from Microsoft Corporation,
a web server can run on any number of hardware and operating system combinations, such as
MacOS, WINDOWS 2000, LINUX, VMS or SOLARIS operating systems. Network interface 230 may be a
modem, cable modem, DSL modem, or any type of network adapter. In addition, mass storage 255
may be local and connected to the I/O controller as shown, or it, or additional database
storage, may be located remotely from the insurance host server via the network interface 230.

Description Paragraph (29):
The electronic claims folder 300 hierarchy is similar to the manual filing system, and certain
electronic file systems, now in place with insurance companies. Claims folder 300 contains all
of the policy information, information about the insured, and information about claims for a
given client. Within a claims folder 300 are one or more policy levels 310 and 320. While in
this example, two policies 310 and 320 are illustrated, it will be appreciated that there could
be as few as a single policy for a given customer or multiple policies for a given customer.
Throughout the rest of this discussion, only a single folder of each level is illustrated. The
policy level 320 contains all the information relevant for a given policy. For example, the
policy level for an auto insurance policy contains information about the various coverage, such
as collision, medical, comprehensive, and the deductibles. For homeowner's insurance, the
policy level contains information about the address of the home insured, liability levels,
specific riders, and other relevant data.

Description Paragraph (30):
Below policy level 320 is insured level 330. Insured level 330 contains all information relevant about the insured. For instance, the insured level contains the insured's name, address, date of birth, number of dependents, emergency contact information, and all information relevant to the insured for that particular policy. The insured level 330 for one policy 320 may contain different information than the insured level for a different policy 310. For instance, if policy level 320 is directed at automobile insurance for a family, the insured level 330 contains information about all drivers residing within that household; whereas, the insured level for a policy level 310 directed at a life insurance policy only contains information at the insured level directed towards the individual whose life was insured.

Description Paragraph (31):
Below the insured level 330 is the claim level 340. The claim level 340 has general information about the claim raised against the policy. The claim level 340 may include the date of the claim, the nature of the claim, and general information relevant to the type of claim. A property loss claim may include information about the police report or the nature of the theft. A medical claim contains information about the general nature of the medical situation.

Description Paragraph (32):
The claimant level 350 is below and within the claim level 340 and has full details about the claimant. The claimant's name, address, phone numbers, and other general contact information is within this level. As stated previously, the claimant and the insured may or may not be the same person or entity depending on the nature of the claim. In addition, for any particular claim, there may be multiple claimants. For instance, an automobile accident claim may generate a wide number of claimants: the insured, the owner of another vehicle, injured passengers, or the owner of property damaged in an accident. The above list is not exhaustive and is intended to only be illustrative of the types of claimants.

Description Paragraph (45):
The process starts when a claimant elects (step 600) to be taken to an existing claim. When the process is started, the insurance host server 130 serves up a logon screen to claimant interface 500. The insured enters a claim tracking number (step 602) which had been previously given upon reporting of a claim. The claimant enters a password (step 604) that he had also been previously given along with his claim number. This unique claim number/password combination prevents someone other than the claimant, or a claim handler with access to this information, from entering any line item data into the line item level database. The claim interface 500 verifies the claim number and password to insurance host server 130 where insurance host server 130 accesses the claim level database and validate that the claim number and password are valid (step 606). If the claim number and password combination are not valid, the claimant is given an opportunity to reenter the claim number and password (steps 602 and 604).

Description Paragraph (46):
If the claim number and password are a valid combination, various data from the policy level, insured level, claim level, claimant level, and line level is displayed in a web page served by insurance host server 130 to claimant interface 500 (step 608). The data includes items, such as the date of the loss or injury, time of the loss or injury, policy number, Social Security Number of the claimant, the claimant's name, address and phone numbers. At this point, the claimant is given the opportunity to verify that this information is accurate and change any of the claimant level information presented on the screen. Thus, if the claimant had moved or his phone number had changed, he could update it at this point.

Description Paragraph (52):
The claimant tunnels through the tree of line item data until he reaches the line item that he wishes to enter (step 618). The claimant enters the line item data (step 620). Line item data includes detailed information about the line item particular to that item. For instance, for property insurance, the line item may include data that includes the type of item, the location of the item in the home, how many of the item were stolen, the cost of the item, the year of purchase, the name of the owner, where the item was purchased, and check boxes indicating whether there are any receipts, photos, manuals, or other documentation that that particular

item was actually in the house. In addition, the line item data includes a serial number, if known, and an option for direct replacement services. Direct replacement services means that the insurance company contacts a vendor directly for replacement of this item. The line item data for a medical injury is very different. It includes information about the treatment, the date that the treatment was performed, the status of the treatment, the provider of the treatment, an ICD-9 code indicating the treatment and other medical details. Medical line items might also include the devices used during the recovery from injury or to assist the person in the case of a permanent disability: prosthetic devices, crutches, wheel chairs, eye wear, hearing aids, etc. The line item data varies for each type of item. The line item data is used to update the line item level database residing in the insurance host server 130 (step 622).

Description Paragraph (56):
If no item is double clicked, flow proceeds to where, if an item is selected (step 720), the claim handler is able to choose a payment type (step 740). If no item is selected, the user has the option of issuing a direct payment (step 725). If the user wishes to make a direct payment, the claim handler enters an amount for direct payment (step 730). A direct payment is used where, for instance, there is a large loss and the claim handler wishes to quickly get a payment sent to the claimant so that the claimant can begin to settle some of his losses. For instance, after a house fire, the claim handler may wish to quickly cut a check to cover living expenses while the claim is being processed. Once the amount is entered, payment processing commences (step 735). Insurance host server 130 communicates with insurance back office system 140 and directs insurance back office system 140 to issue payment to the claimant (step 730). Payment may be in the form of a check or an electronic fund transfer. At this step, the claim handler is able to enter further information necessary for the check or the electronic fund transfer, and the display line item database is once again presented to the claim handler (step 705).

Description Paragraph (59):
FIG. 8 illustrates a flowchart of the execute vendor transfer process 745. If while entering line item data (step 620), the claimant indicated that he was amenable to a direct vendor transfer, the claim handler can arrange for fulfillment of a line item data settlement by placing an order directly with a vendor. An order processing screen is displayed allowing the claim handler to interface with the insurance host server 130 (step 805). The selected line item level data appears on the screen. Next, the insurance host server 130 cross-references the type of line item level data with the vendor database and queries for a listing of authorized vendors for that particular type of line item data (step 810). The list of authorized vendors appears on the order processing screen (step 815).

Description Paragraph (62):
FIG. 9 is a flowchart of the line item payment process 750. The payment processing window is displayed (step 900). The payment processing window displays the details on the particular line item data selected. In addition, it displays whether a payment has already been made for that item and the status of the item. The claim handler has the option of adding additional items to this particular line item payment, so that multiple line items can be paid with a single check or electronic fund transfer (step 905). If additional items were to be selected by the claim handler, the claim handler may select additional types of items (step 910). The type of payment is selected (step 915). The payment may be in terms of the actual cash value (ACV) or the replacement cost (RC). For each individual line item, ACV or RC can be selected by the claim handler based on the coverage of the policy.

Description Paragraph (63):
Once the claim handler has added all items to this particular payment, the claim handler can choose whether a check or an electronic fund transfer takes place (step 920). If a check is going to be cut (step 925), the claim handler verifies all of the check and draft information including the name and address of the claimant. The name and address of the claimant can be changed at that point. If an electronic fund transfer is going to be the form of payment (step 930), claimant information is once again verified and electronic fund transfer information, such as the routing number and account number, is entered by the claim handler or is drawn from the claimant database entry for the claimant.

Description Paragraph (64):
The claim handler sets up whether this payment is a single payment or a repetitive payment (step 935). Repetitive payments are used where, for example, a worker's compensation claim had a disability payment paid periodically to the claimant. If a repetitive payment is to be made, the repetitive payment information is entered (step 940). Repetitive payment information includes generally the start date, end date, number of payments, and the frequency of the payments. Next, the claim handler approves the settlement (step 945). Approval causes the insurance host server 130 to establish a payment through the insurance back office system 140, as will be discussed in the fulfillment of line item data process 430.

Description Paragraph (67):
However, if authorization is required, threshold amounts are entered (step 1020). There are two types of threshold amounts: total payment and single item. For a total payment threshold amount the claim handler enters a total amount that could not be exceeded for all items within a line level. For single item threshold amounts, the claim handler enters the maximum amount authorized for any given single line item. The claim handler can select certain categories for the preauthorization (step 1025), and the claim handler can select a time period within which preauthorization on vendor payments can occur (step 1030). For instance, the claim handler could enter a start date, an end date, and/or a maximum days allowed after the claim is closed in which to perform a vendor transaction. The authorization step is where the claim handler authorizes the preauthorization on all line item data within a particular line level that meet the authorization criteria established previously in the process (step 1035).

Description Paragraph (71):
The vendor database is accessed through the processes in vendor database processes 1100. The add new vendor process 1120 allows a claim handler client 120 access to the vendor database on insurance host server 130. Vendors may be generic vendors, a parent vendor, or a franchise vendor. If a vendor is a parent vendor, this indicates that they are in a franchiser relationship with other franchisee vendors. The default setting is for a vendor to be a generic vendor. If a vendor is selected as a franchise vendor, the claim handler has the option of finding the parent vendor to affiliate this vendor with. The vendor database information includes the name of the vendor, the address, the type of products that this vendor supplies, phone numbers, e-mail address, as well as tax ID numbers, and the type of organization.

Description Paragraph (73):
Generally in the maintain vendor database process 1115, the claim handler or other person accesses the insurance host server 130 to update and maintain preferred vendor database information. New Dunn & Bradstreet reports can be generated; a bill paying score can be entered; a record of yearly purchases from this vendor can be maintained; and a general level of vendor relationship can be monitored. The level of vendor relationship can range anywhere from poor, to average, to excellent or through gradations in between. Vendor performance can also note the time at which the vendor began operating; the date at which they became a preferred vendor; the number of complaints that have been lodged by claimants against this vendor with notes associating each complaint; the number of complaints that are not resolved; and the number of unfavorable comments received through standard customer feedback. In addition, inspection information can be maintained on this vendor. Frequently, vendors are the subject of periodic inspections by insurance company inspectors or outside inspectors hired by insurance companies. The database can maintain the total number of inspections, the number of successful inspections, the number of unsuccessful inspections, and other data relating to inspection criteria.

Description Paragraph (79):
Process 1110 order tracking is dedicated to updating the insurance host server from the vendor system on the status of all placed orders. In systems consistent with the invention, the vendor system updates the insurance host server via electronic data interchange on the status of all currently placed orders. The vendor system indicates whether such orders are fulfilled, placed, or pending. In addition, the vendor system 150 may indicate that a particular order is unable to be placed and, if so, notifies insurance host server 130 which then places the order with another vendor or, if that is not possible, send a message to the claim handler client 120 indicating that that line item is not able to be fulfilled via the vendor. Insurance host

server 130 constantly updates the line item level database with the tracking status of all vendor placed orders.

CLAIMS:

4. The method of claim 1 wherein the authorization is for repetitive payments, and receiving information of at least one of start date, end date, number of payments and frequency of payments.

8. The method of claim 1 wherein the vendor data information includes at least one of: names associated with the list of authorized vendors, addresses associated with the list of authorized vendors, types of products associated with the list of authorized vendors, types of supplies associated with the list of authorized vendors, phone numbers associated with the list of authorized vendors, electronic mail address associated with the list of authorized vendors, tax ID numbers associated with the list of authorized vendors and types of organizations associated with the list of authorized vendors.

24. The method of claim 21 further comprising receiving a date range for which payment will be made.

38. The system of claim 35 wherein the stored program further includes instructions for receiving a date range for which payment will be made.

52. The computer readable medium of claim 49 further comprising receiving a date range for which payment will be made.